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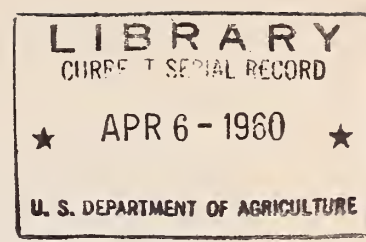
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FAMILY ECONOMICS REVIEW



**Institute of Home Economics, Agricultural Research Service,
UNITED STATES DEPARTMENT OF AGRICULTURE**

Prepared for home demonstration agents and home economics specialists of the Agricultural Extension Service, this publication reports current developments in family and food economics, and economic aspects of home management.

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USING THE ESTIMATED COST OF ONE WEEK'S FOOD IN BUDGET COUNSELING 1/

The "Estimated Cost of One Week's Food," published in each issue of Family Economics Review, is a useful tool in helping families with their food management problems. It can be used in food budget counseling of families, both rural and urban. It may also be useful in answering questions regarding the cost of food for individuals.

Families.--Families sometimes want to evaluate their expenditures against a standard plan. The USDA food plans, giving suggested quantities of food for good nutrition at low-cost, moderate-cost, and liberal levels, may be used as such a standard.

Often the chance to help with food budgeting comes via the telephone. It may be a call from a homemaker whose husband thinks their food bills are too high. She wants to know how much she should spend for food. To help her you will need to know the ages of all family members. By adding together the estimated cost of food for each member for one or more of the food plans, you can give the homemaker an idea of the weekly cost she may expect. You will need to explain that these estimated costs assume that all 21 meals are eaten at home or are prepared from home food supplies, that they include the money value of home-produced food as well as expenditures for purchased food, and that the family must allow more for food if members eat some meals out. Remind the homemaker also that paper goods, soap, and other nonfood items purchased at the grocery store should not be charged against food expenditures.

If the family ate some meals out during the week, it will need to take this into account in comparing the cost of its meals served at home with the estimated cost of the USDA food plans. For example, if the father and one child each ate five lunches away from home, a 4-person family served at home during a week 74 out of a possible 84 meals ($21 \times 4 = 84 - 10 = 74$) or 88 percent ($74 \div 84 \times 100$). If family members had eaten all meals at home the total cost would have been roughly 1.14 times the value of the food consumed at home ($100 \div 0.88$).

A southern family of four with school-age children recently estimated they had food at home for the week valued at \$25. This included the expense for the purchased food and the estimated retail value of the home-produced food used. The father and one child both had bought lunches away from home--again 10 out of a possible 84--so had eaten 88 percent of all meals at home. Had they had all their meals at home, their food costs might have been about

1/ Adapted from a talk at the Southern Regional Training Conference for Agricultural Extension Specialists in Nutrition, Food Conservation, Health and Family Life, October 1959, Washington, D. C.

\$28.50 (25×1.14 or $25 \div 0.88$). Compare this with the estimated weekly cost of food for the USDA food plans as priced for the South--\$21 for the low-cost plan and \$28 for the moderate-cost plan in July 1959. The family thus had food of about the same money value as the moderate-cost plan.

Individuals.--The estimated costs of food are also useful for figuring the cost of feeding individuals. When a boy goes to college the additional expense of his food to the family is the difference between the cost of board and the cost of feeding him at home. We may estimate the value of the food for a southern boy of 16-19 years at about \$10 a week when his family has food similar to the moderate-cost plan. For a 40-week school year this amounts to \$400. This amount can be subtracted from his college bill to get the "additional" costs for boarding at college. The family can expect a reduction of about this amount in its home food costs.

In a similar manner, you can help a family estimate the value to charge against wages when feeding hired help. For example, at harvest time a farmer feeds four extra men for three days at lunch and dinner. The estimated weekly cost of food in the moderate-cost plan for a man 20-34 years old for July 1959 was \$8.30 in the South. Since farm workers are probably doing more active physical work than the average on which the food costs are based, round this figure generously upward--to say \$10. Also, this would allow for the fact that noon and evening meals may cost more than breakfast. To this raw food cost you can add a percentage for overhead, labor and food preparation costs. The National Restaurant Association reports raw food costs as 30 to 40 percent of sales. Both of these figures, of course, provide a profit to the restaurant. For our purpose we might use the one giving the smaller profit--that in which food represents 40 percent of sales. If we assume the \$10 for raw food represents 40 percent of the total weekly value of one man's meals, the total value, including the allowance for overhead, labor and food preparation costs, would be \$25 ($\$10 \div .40 \times 100$). The cost per meal would be \$1.20 ($\$25 \div 21$). The cost for the 4 men in the example would be about \$29 (4 (men) $\times$ 3 (days) $\times$ 2 (meals a day) $\times$ \$1.20 (per meal)). The expense for feeding a full-time employee can be calculated in a similar manner.

Table 1.--Estimating cost of feeding a child over a specified time period

Age of boy	Cost of food in January 1959 ^{1/}	Adjustments for costs in earlier years				
		Year	BLS Index for food at home		Adjusted cost for year given	
			1947-49 = 100 ^{2/}	January 1959 = 100	Weekly	Yearly
(1)	(2)	(3)	(4)	(5)	(6)	(7)
12 years.....	\$8.25	1952	114.6	97.9	\$8.08	\$420
13 years.....	9.75	1953	112.5	96.1	9.37	487
14 years.....	9.75	1954	111.9	95.6	9.32	485

^{1/} Moderate-cost food plan

^{2/} The index for January 1959 was 117.1

We sometimes are asked in connection with foster care cases for an estimate of the retail cost of food for a child during a period of past years. We can make an approximation by using the Bureau of Labor Statistics price index for food at home to project backward the current estimated costs of the food plans. ^{2/} The BLS index gives average prices of food at home as a percent of the average price in 1947-49. Table 1 (opposite page) illustrates how we used the current estimated cost of food with the food index to figure roughly the cost of feeding a boy who was 12, 13, and 14 years of age in 1952, 1953, and 1954, respectively.

Farm families.--Farm family food consumption patterns were not used as guide lines for the USDA food plans, because by producing their own food farm families can frequently afford a more costly type of diet than their income indicates.

Each time we revise the estimated cost of a week's food we compute the per unit (qt., lb., doz.) prices of the 11 food groups. With these unit prices a family can estimate roughly the value of its own home food supply. Table 2

Table 2.--Average prices paid per unit of food group in spring 1955 by U.S.A. nonfarm households adjusted to January 1960 by BLS retail food prices ^{1/}

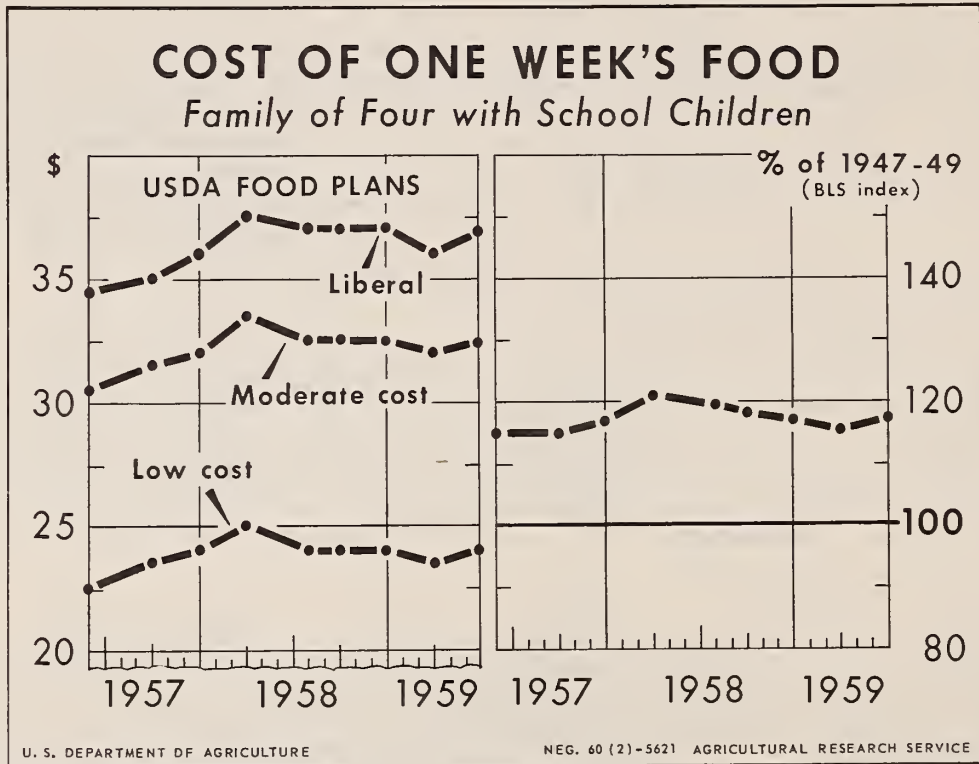
Food group and unit	Low-cost plan	Moderate-cost plan	Liberal plan
	Cents	Cents	Cents
Milk, cheese, ice cream.....quart..equiv.....	26.2	27.7	28.9
Meat, poultry, fish (including bacon, salt pork).....pound.....	56.6	63.9	67.7
Eggs.....dozen.....	46.9	48.8	50.3
Dry beans, peas, nuts.....pound.....	29.1	41.8	48.0
Grain products.....pound flour equiv..	26.1	35.6	39.6
Potatoes.....pound.....	6.6	7.9	8.0
Citrus fruit, tomatoes.....pound.....	15.5	17.4	17.7
Other fruits and vegetables (includes dark-green and deep-yellow vegetables).....pound.....	16.9	18.5	18.6
Fats and oils.....pound.....	32.6	37.0	39.7
Sugar, sweets.....pound.....	20.7	24.3	27.1

^{1/} These prices per unit are those by which food plan quantities are multiplied to give the total cost of the USDA plans for each of the 19 sex-age groupings. An estimated amount is also added to the total for accessories such as coffee, tea, vinegar, and spices. Prices for the low-cost plan were based upon practices of households reporting in the 1955 Food Consumption Surveys with incomes of \$2,000-\$2,999; moderate-cost, \$4,000-\$4,999; liberal, \$6,000-\$7,999.

^{2/} Consumer Price Index, published monthly by the U. S. Department of Labor, Bureau of Labor Statistics, Washington 25, D. C.

shows our estimates of average prices paid by families for groups of foods in January 1960 (based on 1955 survey data adjusted for price changes). A family can record for several weeks the pounds of food used from the home-produced food supply by food groups. The weight recorded should be that of the food trimmed to the same extent it would be if procured in the retail market. A rough estimate of the retail value of home-produced food for those weeks is obtained by applying the unit prices to the quantities in each group. When this value is added to the cost of purchased food used in the same period, the family has the total value of its food. This total can be compared with the estimated cost of food in one of the USDA food plans for a family of the same composition.

Charting trends in food costs.--The estimated cost of a week's food is sometimes used to show graphically the changing costs of feeding a family. For example, a chart can be made of the cost of feeding a representative family, such as a family of four with school-age children. (See chart below.)



This type of chart helps us to see the effect of price changes on the cost of a family's food. It also helps the family see justification for changes in its expenditure for food. If the expenditure for the family's food rises sharply while the costs of the food in the food plans remain unchanged the rise is due to reasons other than changes in food prices. Increased expense of feeding growing children may, of course, be one of these reasons.

--Eloise Cofer

ESTIMATED COST OF ONE WEEK'S FOOD--U.S.A. AVERAGE AND FOUR REGIONS

Tables 1 to 4, pages 8 to 11, present estimates for January 1960 of the cost of buying food according to the USDA food plans for nonfarm families living in the United States as a whole and for those in four regions. These estimates are based on quantities of food in the low-cost, moderate-cost, and liberal plans. Table 4, page 11, gives estimates using southern prices, of the cost of food bought according to the low-cost plan adapted for use in the South.

The three basic food plans are available as a reprint--Low-cost, Moderate-cost, Liberal Food Plans, HHE(Adm.)-146. The low-cost plan for the South appeared in the September 1959 issue of Family Economics Review; it is also available as a reprint, An Adaptation of the Low-cost Food Plan for the South, HHE(Adm.)-186. Requests for reprints should be addressed to the Household Economics Research Division, ARS, U. S. Department of Agriculture, Washington 25, D. C.

The cost of food for a specific family can be estimated from the tables, since costs are given for individuals of different ages. These costs are based on prices paid by nonfarm families reporting in the 1955 Food Consumption Survey, brought up to date with the use of average food prices collected by the U. S. Bureau of Labor Statistics. For the U.S.A. estimates, average prices for 46 cities are used. Prices in the following cities are used for the regional estimates: Boston for the Northeast; St. Louis for the North Central; Atlanta for the South; and Los Angeles for the West. Further explanation of the development of the estimated costs of food for the regions is given in the Family Economics Review for September 1959.

The regional estimates of food prices will be published again in the spring 1961 issue of Family Economics Review. The U.S.A. estimate appears in each issue.

Table 1.--Estimated Cost of One Week's Food, 1/ January 1960 --U.S.A. Average

Sex-age groups	Low-cost plan	Moderate- cost plan	Liberal plan
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
<u>FAMILIES</u>			
Family of two, 20-34 years 2/.....	14.90	20.50	23.00
Family of two, 55-74 years 2/.....	13.30	18.40	20.50
Family of four, preschool children 3/.....	20.40	27.30	31.00
Family of four, school children 4/.....	23.50	31.90	36.10
<u>INDIVIDUALS</u>			
Children:			
Under 1 year.....	3.00	3.80	4.00
1-3 years.....	3.70	4.60	5.20
4-6 years.....	4.30	5.60	6.60
7-9 years.....	5.10	6.70	7.70
10-12 years.....	6.00	8.10	9.20
Girls, 13-15 years.....	6.30	8.60	9.80
16-19 years.....	6.40	8.60	9.70
Boys, 13-15 years.....	6.80	9.50	10.70
16-19 years.....	8.10	11.10	12.50
Women:			
20-34 years.....	5.40	7.50	8.40
35-54 years.....	5.20	7.20	8.20
55-74 years.....	4.90	6.80	7.70
75 years and over.....	4.80	6.40	7.20
Pregnant.....	6.70	8.80	9.70
Nursing.....	8.40	10.80	11.90
Men:			
20-34 years.....	7.00	9.60	10.80
35-54 years.....	6.60	8.90	9.90
55-74 years.....	6.20	8.50	9.40
75 years and over.....	6.00	8.10	9.00

1/ These estimates were computed from quantities in low-cost, moderate-cost, and liberal food plans published in tables 2, 3, and 4 of the October 1957 issue of Family Economics Review. Quantities for children were revised January 1959 to comply with the 1958 NRC Recommended Dietary Allowances. The cost of the food plans was first estimated by using the average prices per pound of each food group paid by nonfarm survey families at 3 selected income levels. These prices were adjusted to current levels by use of Average Retail Prices of Food in 46 Large Cities Combined released periodically by the Bureau of Labor Statistics. Estimates for food of individuals and small families have been rounded to nearest \$0.10.

2/ Twenty percent added for small families.

3/ Man and woman 20-34 years; children, 1-3 and 4-6 years.

4/ Man and woman 20-34 years; children, 7-9 and 10-12 years.

Table 2.--Estimated Cost of One Week's Food, January 1960, for Northeast and North Central Regions

Sex-age groups	Northeast			North Central		
	Low-cost plan	Moderate- cost plan	Liberal plan	Low-cost plan	Moderate- cost plan	Liberal plan
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
<u>FAMILIES 1/</u>						
Family of two, 20-34 years.....	16.80	22.00	23.90	15.60	19.40	22.20
Family of two, 55-74 years.....	15.00	19.70	21.40	13.90	17.50	19.70
Family of four, preschool children....	22.80	29.10	32.10	21.10	25.80	29.80
Family of four, school children.....	26.40	34.00	37.40	24.50	30.10	34.60
<u>INDIVIDUALS</u>						
Children:						
Under 1 year.....	3.20	4.00	4.20	3.00	3.50	3.90
1-3 years.....	4.00	4.80	5.40	3.70	4.30	5.00
4-6 years.....	4.80	6.00	6.80	4.40	5.30	6.30
7-9 years.....	5.70	7.10	7.90	5.30	6.30	7.30
10-12 years.....	6.70	8.60	9.60	6.20	7.60	8.80
Girls, 13-15 years.....	7.00	9.20	10.20	6.50	8.10	9.40
16-19 years.....	7.10	9.10	10.10	6.60	8.10	9.40
Boys, 13-15 years.....	7.70	10.10	11.20	7.10	9.00	10.30
16-19 years.....	9.10	11.80	13.00	8.50	10.50	12.00
Women:						
20-34 years.....	6.00	8.00	8.70	5.60	7.10	8.10
35-54 years.....	5.80	7.70	8.50	5.40	6.90	7.90
55-74 years.....	5.50	7.30	8.00	5.10	6.50	7.40
75 years and over.....	5.30	6.80	7.50	5.00	6.00	6.90
Pregnant.....	7.40	9.30	10.00	6.90	8.30	9.30
Nursing.....	9.30	11.40	12.30	8.70	10.30	11.50
Men:						
20-34 years.....	8.00	10.30	11.20	7.40	9.10	10.40
35-54 years.....	7.40	9.60	10.40	6.90	8.50	9.60
55-74 years.....	7.00	9.10	9.80	6.50	8.10	9.00
75 years and over.....	6.80	8.70	9.40	6.30	7.70	8.70

1/ See footnotes 2, 3, and 4 of table 1 on page 8.

Table 4.--Estimated Cost of One Week's Food, for Special Adaptation of Low-Cost Plan for the South, January 1960

Sex-age groups	Special low-cost plan 1/	Sex-age groups	Special low-cost plan 1/
	Dollars		Dollars
<u>FAMILIES 2/</u>		<u>INDIVIDUALS--Con.</u>	
Family of two, 20-34 years.....	12.10	Boys, 13-15 years.....	5.50
Family of two, 55-74 years.....	10.70	16-19 years.....	6.50
Family of four, preschool children	16.80	Women:	
Family of four, school children...	19.40	20-34 years.....	4.40
		35-54 years.....	4.30
<u>INDIVIDUALS</u>		55-74 years.....	3.90
Children:		75 years and over...	3.90
Under 1 year.....	2.50	Pregnant.....	5.70
1-3 years.....	3.10	Nursing.....	7.20
4-6 years.....	3.60	Men:	
7-9 years.....	4.30	20-34 years.....	5.70
10-12 years.....	5.00	35-54 years.....	5.30
Girls, 13-15 years.....	5.30	55-74 years.....	5.00
16-19 years.....	5.40	75 years and over...	4.80

1/ Based on quantities suggested in table 2 on page 16, Family Economics Review, September 1959.

2/ See footnotes 2, 3, and 4 of table 1 on page 8.

GRADES FOR EGGS, BUTTER, AND LAMB

Fresh fancy quality eggs.--A new quality designation authorized by the U. S. Department of Agriculture identifies eggs produced and marketed under controlled conditions and meeting high standards of quality. These eggs may be labeled "fresh fancy quality" or "U. S. Grade AA," accompanied by a boxed statement "Produced and marketed under Federal-State Quality Control Program."

To meet requirements for this grade, eggs must be laid by flocks of uniform age (not varying more than 60 days); gathered from the nest at least twice and preferably three times a day; cooled immediately after gathering to 60° F. or below and held at a constant temperature not to exceed 60° F. and a relative humidity of approximately 70 percent. All handling must be prompt and in accordance with approved methods. Quality of the eggs is determined by the broken-out score and the condition of the yolk, instead of by candling. In this test, representative samples of eggs in a shipment are broken and the height of the albumen is measured.

After the eggs have been approved for the new grade designation, the carton is stamped with the expiration date, not more than 10 days after the day on which the eggs were graded. After that date the eggs can no longer be sold under this grade label.

Revised standards for butter.--U. S. standards for grades of butter have been revised by the U. S. Department of Agriculture. The new standards will become effective April 1, 1960.

The U. S. grade of butter is determined on the basis of classifying first the flavor characteristics and then the characteristics in body, color, and salt. Flavor is the basic quality factor. The revised standards represent a tightening up of present requirements in flavor and body, color, and salt.

U. S. Grade AA and U. S. Grade A are the quality ratings most often seen in retail markets. The new standards are concerned largely with changes in requirements for U. S. Grades B and C and apply to industry more directly than to the retail consumer.

Under the new standards, defects in body (such as crumbly, leaky, mealy or grainy, sticky), color (such as wavy, mottled, streaked), and salt (such as gritty, poorly dissolved) can total only $1\frac{1}{2}$ points for Grade B butter with an AA flavor rating, instead of $2\frac{1}{2}$ points allowed in the present standards. These defects can total only 1 point for Grade C butter with a flavor rating of AA and $1\frac{1}{2}$ points for Grade C butter with a flavor rating of A. Under the old standard these would have been $1\frac{1}{2}$ and $2\frac{1}{2}$ points, respectively. In addition, certain flavor characteristics which have been allowed for Grade C butter will not be allowed under the revised standards.

New provisions include specific conditions under which a U. S. grade for butter cannot be assigned and conditions under which only a flavor rating will be assigned.

Know Your Butter Grades, U. S. Department of Agriculture Leaflet No. 264, prepared by the Agricultural Marketing Service, contains information on the grading of butter of interest to the consumer.

Federal grading of lamb to be continued under revised standards.--The U. S. Department of Agriculture has announced that Federal grading of lamb will be continued under new revised standards and continued study. The new standards became effective March 1, 1960.

The revised grading standards modify the present grades, primarily by reducing the minimum requirements for the Prime and Choice grades. Requirements for conformation (such as proportion of edible meat to bone, proportion of the carcass weight in the more demanded cuts) and for quality (such as texture, firmness, and marbling of the lean flesh in relation to maturity) are lowered for the Prime and Choice grades. A large number of lambs formerly graded Choice will now be in the Prime grade, and many that would have been graded Good or sold without a Federal grade under the old standards will now be in the Choice grade.

Consumers should not confuse the voluntary lamb grading service with the mandatory meat inspection program of the U. S. Department of Agriculture which provides inspection for sanitation and wholesomeness.

INCOME OF ORPHANS AND THEIR WIDOWED MOTHERS 1/

Orphaned children and their mothers make up a sizable group benefiting from public income-maintenance programs. Old-age, survivors, and disability insurance (OASDI), railroad and Government employees retirement programs, and veterans' compensation and pension programs pay benefits to orphans and their widowed mothers. Families are becoming increasingly aware that these programs are designed to meet a variety of needs, and are not limited to the 65-and-over group. Federal-State programs of aid to dependent children also assist some orphans. Three-fourths of all children under 18 years whose fathers were dead and three-fifths of the widowed mothers of such children were receiving financial help from these various sources at the end of 1958.

Orphaned children

There were about 2.9 million orphans (children under 18 years without one or both parents because of death) in the United States in December 1958. This was nearly 4.5 percent of all children in this age group. Seven out of 10 of these orphans (2.1 million) were fatherless.

Income from OASDI and related programs.--As the social security program has matured and its coverage has been extended to more groups, it has provided income based on their father's work record for an increasing proportion of U. S. orphans. In December 1958, OASDI provided some support for more paternal orphans under 18 years than any other public income-maintenance program. About 1.3 million or 63 percent of these children in the United States (including Alaska, Hawaii, Puerto Rico, and the Virgin Islands) were receiving benefits. (See table page 14.) In continental United States, the proportion receiving benefits has increased since 1940 as follows:

	<u>Percent of paternal orphans receiving OASDI benefits</u>
December 1940	2
October 1949	31
December 1954	53
December 1958	64

1/ Adapted from: Orshansky, Mollie. "Income of Young Survivors, December 1958." Social Security Bulletin, Vol. 22, No. 9, pp. 10-15, 24. September 1959.

Source of money income for young survivors, December 1958 1/

Source of money income <u>2/</u>	Children under 18 years with natural father dead		Widows under 65 years with 1 or more children under 18 <u>3/</u>	
	Number (000)	Percent	Number (000)	Percent
Total in population.....	2,095	100	710	100
Employment.....	825	39	410	58
Earners.....	125	6	410	58
Nonworking children of working widows.....	700	33	--	--
Social insurance and related programs <u>4/</u>	1,405	68	375	53
Old-age, survivors, and disability insurance.....	1,310	63	350	49
Veterans' compensation and pension programs.....	245	12	70	10
Railroad and Government employees' retirement programs.....	85	4	30	4
Aid to dependent children <u>5/</u>	240	11	75	10
Support solely from other sources....	85	4	45	6

1/ Data related to the continental United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands. Widows and orphans with income from sources specified may also have income from such other sources as interest, dividends, local public assistance programs (nonfederally aided), cash contributions, or earnings of other relatives.

2/ Because persons may have income from more than one of the sources, the sum of persons shown exceeds the total number in the population.

3/ Excludes widows who have remarried.

4/ Totals for the three separate items do not add to total for social insurance and related programs because some persons had income from more than one of these programs.

5/ Includes some paternal orphans for whom the assistance payment was based on factors other than father's death.

It is likely that there were other orphans not counted as beneficiaries but sharing in social security benefits received by their families. For example, some of the children in large families may not have been beneficiaries because of the limitation on the maximum amount a family can receive, but shared the payment received by the rest of family. Also, some orphans may have had earnings sufficient to prevent them claiming benefits but shared those received by their mothers and/or brothers and sisters.

Veterans' compensation and pension programs provided some income for 12 percent of all paternal orphans. Four percent received benefits as survivors of railroad and Government employees.

Approximately one-ninth of the paternal orphans received benefits under more than one of these social insurance and related programs.

Other sources of income.--Many orphans (39 percent) were supported in part by their own employment or that of their widowed mothers--usually the latter.

Another source of income for 11 percent of the orphans was the program of aid to dependent children. About two-fifths of those receiving this type of aid also had help from the insurance programs mentioned above.

Four percent had support solely from such sources as adoptive parents, stepfathers, relatives, and public assistance.

Young widows with children

There were 710,000 widows under 65 with one or more children under 18 in their care in late 1958. About half of these young widows received income from OASDI, 10 percent from veterans' compensation and pension programs, and 4 percent from railroad and Government employees' retirement programs. Altogether 53 percent were getting benefits from one or more social insurance or related programs. Ten percent were receiving payments under the aid-to-dependent-children program. Other sources of financial help from public programs were State and local public assistance funds, programs for the blind and disabled, and workmen's compensation (when the husband had died from work-related causes).

Fifty-eight percent of the young widows with children under 18 were working to support or to help support their families. The Social Security Act allowed them to earn up to \$1,200 without losing any of their benefits. The average OASDI payment to families made up of widows and two or more entitled children was \$148 in June 1958, so most would find even small earnings useful. One-fourth of employed widows with children entitled to OASDI benefits earned less than \$600 for the year, and one-fifth earned as much as \$3,000 according to a sample survey late in 1957.

Average income.--The median money income from all sources for families in the sample of widow-child OASDI beneficiaries was \$2,830. This is about the same income reported by the Bureau of the Census for all families with female heads in 1957. One-fifth of these families had less than \$1,800 for the year, and one-tenth had as much as \$5,000. The OASDI benefits were the only cash income for 9 percent.

INCOMES OF FAMILIES AND NUMBER OF EARNERS (1958) ^{1/}

Average (median) family income continued its upward trend and was estimated to be \$5,090 in 1958--22 percent higher than in 1954. This represents total money income before taxes of all members of a family from every source--wages and salaries, net income from self-employment, interest, dividends, and unemployment and old-age benefits.

Of the 44.2 million U.S.A. families (two or more persons related by blood, marriage, or adoption living together), about 25 percent had less than \$3,000 in 1958; another 25 percent had between \$3,000 and \$5,000; and two-fifths had incomes ranging between \$5,000 and \$10,000. The remaining one-tenth were in the \$10,000-and-over bracket. (See table below.)

For the families where the head was a full-time worker, the average income was \$5,980. About three-fifths (62 percent) of the family heads had full-time employment. The two-fifths without full-time employment included those family heads who worked part time, were in school, or retired.

Number of earners by money income of family, 1958

Total money income (before tax)	All families	Number of earners in family			
		None	1	2	3 or more
Number of families (thousands)	44,202	3,181	21,279	15,368	4,374
Percent distribution					
Total.....	100.0	100.0	100.0	100.0	100.0
Under \$1,500.....	9.5	47.0	8.8	4.5	5.6
\$1,500-\$2,999.....	14.6	40.1	15.7	10.0	7.7
\$3,000-\$4,999.....	24.6	8.8	30.5	22.8	14.1
\$5,000-\$6,999.....	24.4	2.1	26.1	27.6	20.9
\$7,000-\$9,999.....	16.8	.9	12.0	23.6	27.1
\$10,000 or over.....	10.0	.7	6.7	11.4	24.6
Median income.....	\$5,090	\$1,570	\$4,670	\$5,880	\$7,200

Note: Detail may not add due to rounding.

Median income rounded to nearest ten dollars.

Source: U. S. Bureau of the Census.

^{1/} U. S. Bureau of the Census. Income of Families and Persons in the United States: 1958. Series P-60, No. 33. January 1960.

Number of earners and amount of income

The gradual increase in average family income during recent years has been accompanied by a decrease in both the number and proportion of families at the lower income levels. This gradual rise in family income is related in part to the increase in the number of earners in the family. The proportion of families with two or more earners increased from 40 percent of total in 1954 2/ to 45 percent in 1958, as is shown here:

Number of earners:	Percent of families	
	<u>1954</u>	<u>1958</u>
Total.....	100	100
None.....	7	7
1.....	53	48
2.....	32	35
3 or more.....	8	10

Families with one earner had an average income of \$4,670 in 1958, compared to \$5,880 when there were two and \$7,200 when there were three or more.

Families with incomes under \$3,000 made up one-fourth of those with one earner, but only one-seventh of those with two or more earning. At the other end of the income range, the \$10,000-and-over group included 7 percent of the families with one earner, but 25 percent of those with three or more earners.

In families with no one earning money income, 87 percent had less than \$3,000, 9 percent had between \$3,000 and \$5,000, and about 4 percent had more than \$5,000 in 1958. These no-earner families include many headed by persons retired because of age or disability, the ill, and widows with young children receiving benefits.

Wives work.--Working wives add to the earnings of families. Median income of families with employed wives was \$6,210, compared with \$4,980 for the families with wives who did not work. Thirty-nine percent of the families with working wives were in the \$6,000-to-\$10,000 income bracket and 14 percent had \$10,000 or more. Among families with nonemployed wives, 26 percent had incomes between \$6,000 and \$10,000, and 9 percent more than that.

Unrelated individuals

The families discussed above do not include unrelated individuals--that is, individuals not living with any relatives. These persons may be living alone, as part of a household with one or more families or other unrelated individuals, or in a hotel. There were 10.8 million, or almost one-fourth as many unrelated individuals as there were families in 1958. Their median income was \$1,490. For unrelated individuals with full-time employment the median income was \$3,420.

2/ U. S. Bureau of the Census. Series P-60, No. 20. December 1955.

CALCULATING INSTALLMENT CREDIT COSTS 1/

Buying on an installment credit plan costs money. Credit advertising tends to emphasize how easy it is to borrow but not what the cost is. In an examination of a number of installment credit plans, annual true interest rates ranging from 7 to 36 percent per year were found. The rate varied with different lending agencies, by type of good purchased, length of repayment period, and amount of the loan. The table on page 19 gives details about several plans, showing the variations.

A consumer interested in credit may wish to figure for himself what it is going to cost. He can do this by using the "direct ratio formula" if he can get the four items of information about the plan listed with the formula below (m, n, D, P). The formula used to figure the interest rates on installment contracts shown in the table was: 2/

$$i = \frac{2mD}{P(n + 1) + 1/3D (n - 1)}$$

In this formula,

i = annual interest rate

m = number of payment periods in 1 year (12 if monthly payments, regardless of the number of months you actually pay)

n = number of payments to discharge debt (column 6 in the table)

D = interest and finance cost (column 8 in the table)

P = amount of credit received (column 4 in the table)

1/ Adapted from talk at the Annual National Agricultural Outlook Conference, November 1959 in Washington, D. C.

2/ A different formula is given in What Young Farm Families Should Know About Credit. Farmers' Bulletin No. 2135, USDA. June 1959. This formula can be used to figure the annual interest rate for purchase or loan plans providing for monthly payments. It is:

$$R = \frac{24C}{B(N + 1)}$$

R = annual interest rate

C = interest and finance cost

B = amount of credit received

N = number of monthly payments
to discharge debt

This formula is simpler to use, but the results are somewhat less accurate than with the longer formula (above). However, they are accurate enough to meet the needs of the consumer who wants to know which of several monthly payment plans will cost him the smallest amount of interest.

True interest rate of consumer installment credit

Item (1)	Price of merchandise or stated amount of loan (2)	Downpayment amount dis-counted (3)	Amount of credit received (2)-(3) (4)	Repayment schedule		Total amount paid in installments 1/(5)x(6) (7)	Interest and finance cost (7)-(4) (8)	Approximate annual TRUE interest rate (9)	Plan offered by (10)
				Monthly payment (5)	Number of months (6)				
Automobile loan...	\$1,500.00	--	\$1,500.00	\$ 55.00	30	\$1,650.00	\$150.00	7.5	Bank
Modernizing loan...	1,500.00	--	1,500.00	55.17	30	1,655.00	155.00	7.8	Bank
Unsecured personal loan.....	1,500.00	\$ 131.25	1,368.75	100.00	15	1,500.00	131.25	14.0	Bank
Modernizing materials.....	350.00	--	350.00	11.74	36	422.50	72.50	12.6	Mail-order co.
Furniture or major appliance.....	360.00	10.00	350.00	16.92	24	406.00	56.00	14.6	Mail-order co.
Revolving charge account	←	Varied					→	18.0	Mail-order co.
Unsecured personal loan.....	100.00	--	100.00	6.72	20	134.40	34.40	35.6	Consumer finance co.
Unsecured personal loan.....	500.00	--	500.00	28.88	20	577.60	77.60	16.9	Consumer finance co.
Unsecured personal loan.....	1,000.00	--	1,000.00	56.81	20	1,136.20	136.20	15.0	Consumer finance co.
Holiday tour.....	290.66	29.66	261.00	15.66	20	313.20	52.20	21.6	Airline
Holiday tour.....	909.00	91.00	818.00	48.02	20	960.40	142.40	18.9	Airline
Holiday tour.....	2,763.05	277.05	2,486.00	142.53	20	2,850.60	364.60	16.1	Airline
Automobile loan...	2,000.00	--	2,000.00	173.53	12	2,082.36	82.36	7.5	Bank
Automobile loan...	2,000.00	--	2,000.00	64.53	36	2,323.08	323.08	10.0	Bank
Automobile loan...	3,126.15	1,042.05	2,084.10	81.60	30	2,447.85	196.95	6.6	4/ Bank
Automobile.....	3,126.15	1,042.05	2,084.10	86.89	30	2,606.59	339.99	11.1	4/ Sales finance co.

1/ Difference due to rounding. 2/ Includes \$162.80 fire, theft, comprehensive, and \$50 deductible insurance, 30 months, and \$9 initial membership fee (excluded if previously a member), also includes \$4 filing and notary fees. 3/ Includes \$182.50 fire, theft, comprehensive, and \$50 deductible insurance, 30 months.

4/ Administered Prices-Automobiles--Report of the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, U. S. Senate, p. 164, November 1, 1958.

The formula is used like this: Suppose you want to figure the interest rate on the automobile loan from a bank (item 1) in the table. Then,

$$i = \frac{2(12) (\$150)}{\$1,500 (31) + 1/3(\$150) (29)} = \frac{\$3,600}{\$46,500 + \$1,450} = \frac{\$3,600}{\$47,950} =$$

0.0751 or 7.5 percent

If the borrower had the use of the full \$1,500 for the entire 30 months of the loan and total interest was \$150, the interest rate would be 4 percent (\$60 per year: $60 \div 1,500 = 0.04$). However, in the installment loan above he has the use of \$1,500 only the first month. After the first payment he has the use of \$1,445, not \$1,500. Each month thereafter he has the use of \$55 less than the preceding month, and the 30th month only \$55. The formula takes into account the decreasing amount of credit the borrower has.

The interest rate for some kinds of installment credit is quoted on a monthly basis, and the annual rate is simply the monthly rate times 12. The revolving charge account shown in item 6 of the table is an example. The monthly rate was 1-1/2 percent of the unpaid balance, so the annual rate was 18 percent. Credit unions give monthly rates also, and consumer finance companies frequently do.

--Minnie Belle McIntosh

CHANGES IN FIBER CONSUMPTION

Changes in the pattern of consumption of textile fibers over the 10-year period 1949 through 1958 are shown in a recent report of the Textile Economics Bureau. ^{1/} This report gives estimated amounts of the three major textile fibers--cotton, wool, and manmade--used alone or in blends by their main end uses.

Cotton made up the largest share of the total for these three types of fiber. In 1949-50, 3,908 million pounds of cotton were used, in 1957-58, 4,068 million pounds. This was about two-thirds of the total for these fibers. (See table page 21.) Manmade fibers increased from 20 percent of the total in 1949-50 to 26 percent in 1957-58, while wool decreased from 12 percent to 9 percent. Among the manmade fibers there was a shift too. Rayon and acetate accounted for 90 percent of total manmade fibers in the specified end uses in 1949-50 and 65 percent in 1957-58. Other manmade fibers, such as nylon, Acrilan, Orlon, and Dacron, increased from 10 percent in the former to 35 percent in the latter years.

Clothing--A greater change in fiber content was evident in women's, misses', and juniors' wear than in other clothing. In 1949-50, 39 percent of the fiber used in women's, misses', and juniors' garments was cotton; in

^{1/} Textile Organon, Vol. XXXI, No. 1. January 1960.

Cotton, wool, and manmade fiber consumption

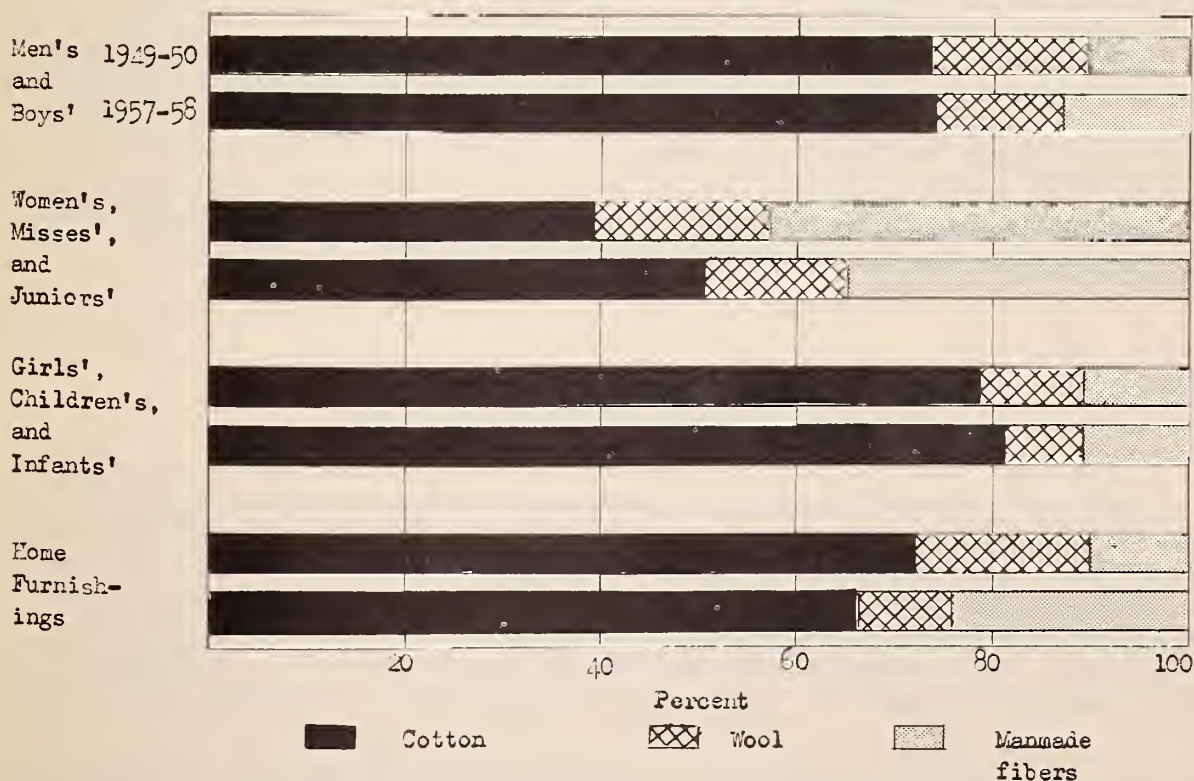
End use	1949-1950 ^{1/}				1957-1958 ^{1/}			
	Total fiber	Cotton	Wool	Manmade	Total fiber	Cotton	Wool	Manmade
Millions of pounds								
Total ^{2/}	5,825	3,908	726	1,191	6,276	4,068	559	1,648
Men's and boys' wear...	1,204	886	189	129	1,283	952	168	164
Women's, misses', and juniors' wear.....	823	323	151	349	930	467	140	322
Girls', children's, and infants' wear.....	264	206	30	28	356	288	29	40
Home furnishings.....	1,157	837	209	111	1,458	970	136	353

Note: Detail may not add due to rounding.

^{1/} 1949-1950 is an average; 1957-1958 is an average.

^{2/} Includes the following not shown separately: Other consumer-type products (apparel, shoe and slipper linings, handwork yarns, purses, medical products, etc.); industrial uses; and exports of domestic products.

COTTON, WOOL, AND MANMADE FIBERS USED
IN CLOTHING AND HOME FURNISHINGS



Source: Textile Organon

1957-58 this figure had increased to 50 percent. Part of the increase in use of cotton was due to the greater importance of sportswear. Skirts, blouses and skirts, slacks, slack suits and jackets, playsuits and shorts, and swimsuits took 25 percent of the total amount of cotton, wool, and manmade fiber used in women's, misses', and juniors' garments in 1957-58, compared to 15 percent in 1949-50. A demand for more sports- and leisure-time wear perhaps has been created with more hours free from work and higher levels of living. Another reason for the increase in use of cotton has been the easy-to-care for qualities that have been developed in cotton fabric finishes and in cotton combined with manmade fibers.

Fiber use did not change as much in men's and boys' nor in girls', children's, and infants' wear. In men's clothing, the trend toward lighter weight suits and the more casual type of clothes resulted in a slight increase in manmade and decrease in wool fibers. Cotton was by far the principal fiber used, accounting for 74 percent of total fiber in both periods. Large quantities of cotton were used in shirts, underwear, and work clothing.

Home furnishings.--There was a greater shift in the kinds of fiber used in home furnishings than in clothing. In 1949-50, cotton accounted for 72 percent of the fibers in home furnishings, wool 18 percent, manmade 10 percent; in 1957-58, cotton was 67 percent, wool 9 percent, and manmade 24 percent.

Rugs and carpets of tufted face yarns (including bath sets, scatter rugs, etc.) were almost entirely cotton in the earlier period, but were 25 percent cotton, 12 percent wool, and 63 percent manmade in the latter period.

Wool yarns decreased from 95 percent of total fibers used in weaving Axminster and Wilton rugs in 1949-50 to 80 percent in 1957-58. The difference was made up mostly of manmade fibers other than rayon and acetate. Only a small proportion of cotton was used.

Cotton continues to be used nearly exclusively in sheets, pillowcases, and towels, but the use of manmade fibers in blankets has increased.

--Lucile F. Mork

IMPROVEMENTS IN EDUCATION NOTED

About 2 in every 100 persons 14 years old or over in the U. S. civilian noninstitutional population are unable to read and write, according to the March 1959 Population Survey. ^{1/} This marks the lowest level of illiteracy in our history--the result of a variety of factors including greater availability of educational facilities, improved incomes, and stricter laws governing school attendance. The rate of illiteracy was 20 percent when the first reliable count was made in 1870. It was down to 11 percent in the first year of the

^{1/} U. S. Bureau of the Census. Current Population Reports. Literacy and Educational Attainment: March 1959. Series P-20, No. 99. February 4, 1960.

twentieth century, and to about 3 percent in 1940. Gradual improvement has been noted with each count since.

Those who are illiterate are largely concentrated among older people. The illiteracy rate is 6.5 percent among persons 65 years old or over, and less than 1 percent among those under 35. The nonwhite population also has relatively more illiterates than the white--7.5 percent and 1.6 percent, respectively. However, improvement in literacy for nonwhite people has been dramatic, since 80 percent of this group could not read and write in 1870. Among the younger members of the nonwhite group--those 14 to 24 years old--only 1.2 percent are illiterate. Illiteracy is somewhat higher among farm than city people, due in part at least to the fact that the farm population tends to be older.

Level of educational attainment.--The general level of educational attainment continues to trend upward. The average (median) person 25 years of age or over in 1959 had completed 11 years of school, compared to 8.4 years in 1940. In this age group, 43 percent had finished high school in 1959 (including those who attended college)--just about double the proportion with this much education in 1940. In the young adult group--25 to 29 years old--more than three-fifths are now high school graduates, compared to less than two-fifths in 1940.

In spite of the crowding of our colleges in recent years college graduates are still a relatively small part of the adult population (8 percent of those 25 years or over). Approximately 15 percent of the men and 7 percent of the women between the ages of 25 and 34 were college graduates in March 1959. The corresponding figures for the 65-and-over group were 5.5 percent and 3.3 percent, respectively.

Among people living on farms, 3.1 percent of the adults reported 4 or more years of college, compared with 8.8 percent for city people and 7.9 for those in rural nonfarm places.

THE 1959 CENSUS OF AGRICULTURE

Before long new information about U. S. farms will become available. Census workers started the task of rounding up this information last fall, visiting farms all over the United States. The last previous agricultural census was taken in the fall of 1954. This job is repeated every 5 years.

A change of considerable interest and importance to persons using census data for comparisons over time was made for the 1959 census. The definition of a farm was changed, so that in some cases units that would have been classified as farms in 1954 would not be farms in 1959.

The 1959 definition designates as a farm each place of 10 or more acres and operated as a unit, if the sale of farm products totaled \$50 or more;

also, each place of less than 10 acres and operated as a unit, from which the sale of farm products totaled \$250 or more.

The 1954 definition designated as a farm each place of 3 or more acres and operated as a unit, if the value of farm products produced in the schedule year amounted to \$150 or more; and each place of less than 3 acres from which the sale of all farm products totaled \$150 or more.

The change in the definition of a farm will mean that 1954 data cannot be compared directly with that for 1959. Even without this change the number of farms would undoubtedly have decreased in the 5-year period, as it did between 1949 and 1954. With the change the decrease in number will be even greater, for the new definition will eliminate many units of less than 10 acres that would have been included under the old definition. The 1954 census reported 484,291 farms with less than 10 acres out of a total of 4,782,416 farms.

The first preliminary county figures from the 1959 Census of Agriculture are expected to be released beginning in March and continue through December 1960. Publication of State figures is expected to begin in August 1960 and continue through June 1961.

CONSUMER PRICES

Table 1.--Index of Prices Paid by Farmers for Commodities Used in Family Living
(1947-49 = 100)

February 1959; June 1959-February 1960

Item	Feb. 1959	June 1959	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 1960	Feb.
All commodities.....	118	118	118	118	118	119	119	119	119	118
Food and tobacco.....	--	117	--	--	115	--	--	115	--	--
Clothing.....	--	114	--	--	116	--	--	117	--	--
Household operation.....	--	117	--	--	118	--	--	119	--	--
Household furnishings.....	--	104	--	--	104	--	--	104	--	--
Building materials, house.	--	121	--	--	122	--	--	122	--	--
Auto and auto supplies....	--	141	--	--	139	--	--	147	--	--

Source: U. S. Department of Agriculture, Agricultural Marketing Service.

Table 2.--Consumer Price Index for City Wage-Earner and Clerical-Worker Families
(1947-49 = 100)

January 1959; May 1959-January 1960

Item	Jan. 1959	May 1959	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 1960
All items.....	124	124	124	125	125	125	126	126	126	125
Food.....	119	118	119	119	118	119	118	118	118	118
Apparel.....	107	107	107	108	108	109	109	109	109	108
Housing.....	128	129	129	129	129	130	130	130	130	131
Rent.....	139	139	140	140	140	140	140	140	141	141
Gas and electricity.....	118	119	119	120	120	122	122	122	123	123
Solid fuels and fuel oil	139	135	134	134	134	135	136	136	137	139
Housefurnishings.....	103	104	104	104	104	104	104	104	104	104
Household operation.....	133	134	134	134	135	135	135	135	136	136
Transportation.....	144	145	146	146	147	146	148	149	149	148
Medical care.....	148	150	151	151	151	152	152	153	153	154
Personal care.....	129	131	131	131	132	132	132	133	133	133
Reading and recreation....	117	118	118	119	119	120	120	120	120	120
Other goods and services..	127	128	129	131	131	132	132	132	132	132

Source: U. S. Department of Labor, Bureau of Labor Statistics.

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